

## **The Importance of Thorstein Veblen for Contemporary Marxism**

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Abram L. Harris began his comparison of Veblen and Marx with this statement: "The contribution of Thorstein Veblen to economic thought bears a striking resemblance to the body of doctrine elaborated by Karl Marx."<sup>1</sup> Yet, Harris went on to argue, despite numerous similarities the basic theoretical core of Veblen's system could not be made compatible with Marxism "without infusing it with certain fundamentally Marxian assumptions which are not accepted by Veblen."<sup>2</sup> Similarly, in Veblen's critique of the theories of Marx, he stated that "there is no system of economic theory more logical than that of Marx,"<sup>3</sup> and then he went to some lengths to show that an understanding of the philosophical foundations of Marxism would throw it "immediately and uncompromisingly into contrast with Darwinism and the post-Darwinian concepts of evolution,"<sup>4</sup> that is, in contrast with Veblen's own theories.

While many writers have noted congruities between the two thinkers, very few Marxists and even fewer disciples of Veblen have deemed these similarities to be as important as the supposed more fundamental differences between them.<sup>5</sup> I shall argue that the supposed differences are (1) in Marx's case, frequently based upon misunderstandings, and (2) in Veblen's case, based on aspects of his writings that are (to put the matter charitably) the least insightful and defensible of his ideas and, more important, quite irrelevant to his analysis of contemporary capi-

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talism. I shall argue, further, that the two great thinkers' analyses of capitalism were not only quite compatible, but also significantly complement each other, and that Veblen's writings offer insights which remain critically important to contemporary Marxism.

*Dialectical Materialism versus  
Darwinian Evolutionism*

Most intellectual historians have claimed that the most fundamental difference between the two theorists was that Veblen based his social theories on the Darwinian theory of evolution, whereas Marx based his on the metaphysical Hegelian dialectic. This claim significantly misrepresents the ideas of both men, although the currency of the opinion is quite understandable since Veblen made this claim for himself, and from Friedrich Engels's time to the present many have made the claim for Marx.

Marx himself, however, not only rejected Hegel's metaphysical dialectic but also was highly critical of that view throughout all his writings. Hegel, of course, was an Absolute Idealist, believing that all reality was a process in which Absolute (infinite) mind "posited" itself first as the finite world of "material things" and then as finite human minds only in order that the Absolute could recognize the illusory, ideal existence of finite matter and finite minds merely as Its own existence reflecting on Itself.

Marx stated innumerable times that his theory turned the Hegelian dialectic "on its head." Engels (in his later writings) and later Marxists as diverse as Lenin, Lukács, and Marcuse have interpreted Marx as meaning that he took the Hegelian dialectic out of the heavens of Absolute Mind and put it into matter (hence the term dialectical materialism, a term which Marx *never* used). This view can easily be refuted by reading Marx's two critiques of Hegel (*Contribution to the Critique of Hegel's Philosophy of Law* and the last section of the *1884 Manuscripts*, "Critique of the Hegelian Dialectic and Philosophy as a Whole").<sup>6</sup> But the definitive scholarly statement on this view of Marx has been written by Lucio Colletti.<sup>7</sup> He shows, in well-documented detail, that it was Engels (in his later writings) who gave the dialectic the status of a theory of ontology as the "dialectic of nature."

In Engels's dialectic of nature, matter in motion *is* dialectical. The materialist dialectic is made into an ontology. Human thought could be seen as dialectical only when it accurately "mirrored" material reality. The ultimate extension of Engels's view appears in Joseph Stalin's "Dia-

lectical and Historical Materialism," in which History becomes merely a replacement for Hegel's Absolute Idea. For Stalin (whose work was quite consistent with Engels's later writings), mind is less real than matter; mind is epiphenomenal: "Matter is primary . . . and . . . mind is secondary, derivative, since it is a reflection of matter."<sup>8</sup> History, as matter in dialectical motion, moves *deterministically* and *teleologically*, culminating in the Soviet state,<sup>9</sup> just as Hegel's Absolute Idea culminated in the Prussian state.

Colletti has given us the definitive account of the textual origins of this "theory" of "dialectical materialism" and has shown conclusively that this was *not* Marx's view.<sup>10</sup> For Marx, the dialectic was epistemological not ontological; it was a method of thinking and not existentially inherent in matter. Matter did not constitute all reality; there was only one reality, and it was made up of two irreducible, but interrelated and interacting, components: matter and thought (including all mental phenomena, such as perceptions, emotions, and so forth, as thought).<sup>11</sup>

For Marx, mental and material reality reciprocally unite in the practical activity of human beings. One cannot understand Marx until one understands his insistence on the paradoxical fact that every human being is, simultaneously, partly the free active creator of himself and his world (never individually, in isolation, but always within a social setting) and partly the unfree, passive, inert effect of his environment (physical and social) as it acts on and conditions him. Nonhuman matter in motion can be comprehended strictly in terms of passive, inert material causation. Human activity, however, must be understood in terms of *both* material causation and conscious, purposive (or teleological) causation. But teleological causation is always conceived by Marx as the purposive action of a particular person, never as the "inevitable unfolding of history."

The dual character of man as active free creator and passive inert effect of social causes is indicated in the following quotations from Marx's writings:

An animal forms objects only in accordance with the standard and the need of the species to which he belongs, whilst man knows how to produce in accordance with the standard of every species, and knows how to apply everywhere the inherent standard to the object. Man therefore also forms objects in accordance with the laws of beauty.

Man is a species-being, not only because in practice and in theory he adopts the species (his own as well as those of other things) as his object, but . . . also because he treats himself as the actual, living, species; because he treats himself as a *universal* and therefore a free being.

Men make their own history, but they do not make it as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past.

In the social production of their life, men enter into definite relations that are indispensable and independent of their will.

[Production consists of both] the reshaping of nature by men . . . and the reshaping of men by men.<sup>12</sup>

Marx believed that scientific methodology restricts the domain of science to the study of mechanical, inert causation. Science can furnish understanding only of "causes" which are themselves merely the passive effects of prior causes. Hence, it is not possible scientifically to understand free, teleological causation, even though through introspection and observation one can certainly be aware of the existence, in human beings, of an element of free teleological causation.

Therefore, for Marx, social science can understand only that aspect of human behavior which is the unfree, passive effect of social and material causes and never that aspect of human subjectivity which stems from active, free, teleological causation. In nearly all of Marx's theoretical writings he explicitly states that his work is based on the partial, one-sided view of human reality that he believed underlay all social science.<sup>13</sup>

Both Veblen and Harris erroneously took Engels's "dialectical materialism" to be the basis of Marx's thought. It is significant that in Veblen's discussion of the Hegelian basis of Marx's philosophy (but *not* in his discussion of Marx's economic ideas) he cited only the writings of Engels, never those of Marx. This mistake accounts for many misconceptions in both his and Harris's accounts of Marx's ideas. Throughout their analyses the two most persistent themes are that Marx's theory was rigidly deterministic<sup>14</sup> and historically teleological (as opposed to having an element of personal, individual teleology, which Marx's theory has).<sup>15</sup> A reading of Colletti's excellent book will definitively demonstrate the error of these views.

Moreover, Veblen and Harris erroneously maintained that, for Marx, labor or labor power is the universal "substance" underlying everything in the dialectical movement of history.<sup>16</sup> In the last chapter of his book, Colletti quotes numerous passages from Marx's writings which decisively and definitively refute this interpretation.<sup>17</sup>

As a result of these errors, Veblen and Harris wrongly attributed to Marx the view that class struggles always lead to the oppressed class

conquering the oppressing class.<sup>18</sup> Marx never asserted this in any of his writings. He, in fact, believed that only in capitalism was it possible for the oppressed class to come to power.

Harris went on to list three principal axioms of Marx's theory with which Veblen took strong exception. They are: (1) the notion that income differentials are the principal cause of the class struggle,<sup>19</sup> (2) the idea that wealth is the product of laborers taken individually or in isolation, rather than the result of culture or labor taken collectively,<sup>20</sup> and (3) the assertion that the "distributive claims of the proletariat by whom labor is supplied should be paramount and exclusive."<sup>21</sup> Each of these was a misrepresentation of Marx's view, and each will be briefly considered.

First, Harris did not cite any references to Marx's writings which show that income differentials are the basis of the class struggle. Moreover, Harris later refuted his own assertion.<sup>22</sup>

Second, Marx, as did Veblen, knew that knowledge and skills were socially transmitted, and he also knew that the social organization of productive endeavor was a principal determinant of a society's productivity.<sup>23</sup>

Third, in Veblen's evaluation of Marx, he asserted the belief that Marx thought workers were normally entitled to the whole of the product they produced.<sup>24</sup> Veblen's incorrect assertion was based on an inadequate reading of Marx. Harris correctly cited passages from Marx's writings that explicitly refute Veblen's mistaken interpretation.<sup>25</sup> But Harris then stated that one of the irreconcilable differences between Veblen and Marx is that the latter believed that "the distributive claims of the proletariat should be paramount and exclusive." Harris never clearly defined what he meant by the statement, and it is curious that having refuted the erroneous notion that Marx advocated the principle that wages should exhaust the total product, he could still see a difference between the two thinkers on this point. Although Marx's notion of surplus value is much more general and conceptually richer than Veblen's notion of the "free income" of capitalists, nevertheless, in his normative critique of capitalism, Marx never went beyond the assertion, which is implicit in numerous of Veblen's writings, that the receipt of what Veblen called a "free income" from ownership alone is deleterious to the general social welfare.

Having examined the putative influence of Hegel on Marx as a possible source of irreconcilable differences between Marx and Veblen and the errors that have arisen from this view, I shall briefly address the question of the Darwinian basis of Veblen's ideas as another possible source.

First, it must be stated that Darwin's theory of evolution was a biological one designed to explain the existence (or evolution) of concrete physiological characteristics of biological organisms. Darwin himself was very cautious about extending his theory to encompass the nature and origins of *social* institutions. Insofar as Veblen worked within the scope of Darwinian biological theory, that is, one explaining physiological characteristics, his conclusions seem to me not only to lack significant insight, but also to be misleading and potentially dangerous speculations on the inherent differences in temperament among the various "racial stocks" making up the human race. He divided the population of the North Atlantic region, for example, into three ethnic types, the "dolichocephalic-blond," the "brachycephalic-brunette," and the "Mediterranean," each having innate and differing degrees of "predatory" and "ante-predatory" dispositions ("the dolicho-blond type showing more of the characteristics of the predatory temperament—or at least more of the violent disposition—than the brachycephalic-brunette type, and especially more than the Mediterranean"<sup>26</sup>). This categorization seems not only preposterous, but also potentially supportive of pernicious racism (although Veblen, to be sure, did not use it in this way).

Second, in most of Veblen's writings the "struggle for existence" was seen as "not biological or physiological, but cultural and aesthetic."<sup>27</sup> In this "struggle," the "survival" value of any institution is "found in the relation of cost to serviceability."<sup>28</sup> But "serviceability" in relation to what? Veblen's answer was that it is related not to mere physical existence, as it would have to be had he been a real Darwinian evolutionist, but to human existence which realizes "the fullness of life."<sup>29</sup> Thus, Veblen's theory rested on normative notions which were highly similar to those outlined in Marx's *1844 Manuscripts*. Therefore, to the degree that Veblen persisted in claiming that his social theory was based on Darwinian evolutionary theory, Harris was certainly correct in his conclusion that the Darwinian postulates (if consistently held) would preclude Veblen from finding a "principle on which 'fullness of life' can be decided prior to experience. 'Fullness of life' is simply what men are constrained by 'habit' to believe *ought to be*. And what life *ought to be* is decided by the consumptive habits or the accustomed standard of living of various members of the group. Although Veblen adopts no absolute standard of 'fullness of life,' the concept involves him in a glaring inconsistency which is not found in Marx."<sup>30</sup> The inconsistency, of course, would have vanished had Veblen dropped his guise as a value-free biological scientist and simply made explicit the human values that pervade

all of his profound social science. He never did this, and so one must concede the truth of Harris's comment.

If one accepts the arguments which I have made to this point, then it is clear that neither the so-called "dialectical materialism" of Marx nor the "Darwinian evolutionist" approach of Veblen is germane to a comparison of the analyses of capitalism formulated by the two. I would go further and assert that (1) the great profundity of both thinkers lies primarily in their analyses of the structure and functioning of capitalism, that (2) these analyses are highly similar, and that (3) where they differ they are usually complementary.

### *The Historical Relativity of Capitalism*

Veblen and Marx frequently criticized the classical (and neoclassical) view that the property relations and resultant income categories of capitalism are "natural." Both insisted that these relations and categories were historically specific and transitory. In his critique of the distribution theory of J. B. Clark, Veblen mockingly ridiculed Clark's notion that the categories of wages, rent, and interest "are hedonistically 'natural' categories of such taxonomic force that their elemental lines of cleavage run through the facts of any given economic situation . . . even where the situation does not permit these lines of cleavage to be seen by men . . . ; so that, e.g., a gang of Aleutian Islanders slushing about in the wrack and surf with rakes and magical incantations for the capture of shell-fish are held, in point of taxonomic reality, to be engaged in a feat of hedonistic equilibration in rent, wages, and interest. And that is all there is to it. Indeed, for economic theory of this kind, that is all there is to any economic situation."<sup>31</sup>

Veblen insisted that production is always a social and cultural phenomenon in which output can never be said to be purely the result of any person or factor of production. Production is a social process in which human beings share knowledge and skills, pass them on from generation to generation, and cooperate socially in a process of transforming nature to suit human needs and uses. The separation of this process, and the categorization of different elements of the process as land, labor, and capital, was purely and simply an historical phenomenon peculiar to capitalism. The distribution of the fruits of human social endeavor by means of the payment of wages, rent, and interest was also purely and simply an historical phenomenon peculiar to capitalism.

Veblen noted that, in Clark's writings, "much is made of the doctrine

that the two facts of 'capital' and 'capital goods' are conceptionally distinct, though substantially identical."<sup>32</sup> It was, he added, difficult to understand the notion of capital as a general "physical abiding entity" into which particular capital goods came and went. In fact, he insisted that the "continuum in which the 'abiding entity' of capital resides is a continuity of ownership, not a physical fact. The continuity, in fact, is of an immaterial nature, a matter of legal rights, of contract, of purchase and sale. Just why this patent state of the case is overlooked, as it somewhat elaborately is, is not easily seen. . . . [Not overlooking this obvious fact] would, of course, . . . upset the law of the 'natural' remuneration of the labor and capital to which Mr. Clark's argument looks forward from the start. It would also bring in the 'unnatural' phenomenon of monopoly as a normal outgrowth of business enterprise."<sup>33</sup>

Just as capital is not a universal physical substance, present in every society, but a result of the laws and institutions of capitalism, so interest income is a peculiarity of capitalism: "In point of historical fact anything like a consistent rate of interest emerges into the consciousness of mankind only after business traffic has reached some appreciable degree of development; and this development of business enterprise has taken place only on the basis and within the lines of the so-called money economy. . . . But a money economy . . . can emerge only on the basis afforded by the mature development of the institution of property. The whole matter lies within the range of a definite institutional situation which is to be found only during a relatively brief phase of civilization."<sup>34</sup>

Similarly, wage labor and wages can only exist when capitalists monopolize the ownership of the means of production in a commercial money economy. Only then can "capital" exist, and it is "only then that the term 'wages,' in the strict technical sense, can properly be employed."<sup>35</sup> This is true because, like most neoclassical economic categories, "wages" is a category growing out of, and reflecting, a social relationship peculiar to capitalism: "Wages is a fact incident to the relation of employer and employed. It is . . . an economic category whose scope is entirely within the theory of production as carried on by the method based on that relation."<sup>36</sup>

In a similar vein, Marx wrote:

One thing . . . is clear—Nature does not produce on the one side owners of money and commodities, and on the other men possessing nothing but their own labour-power. This relation has no natural basis, neither is its social basis one that is common to all historical periods. It is clearly the result of a past historical development, the product . . . of the extinction of a whole series of older forms of social production.



So, too, the economic categories, already discussed by us, bear the stamp of history.<sup>37</sup>

Capital, land, labour! However, capital is not a thing, but a definite social production relation belonging to a definite historical form of society, which is manifested in a thing and lends this thing a specific social character . . . Capital—interest; landed property . . .—rent; wage-labour—wages. The connection between the sources of revenue is supposed to be represented in this form. Wage-labour and landed property, like capital, are historically determined social forms; one of labour, the other of monopolized terrestrial globe, and indeed both forms corresponding to capital and belonging to the same economic formation of society.<sup>38</sup>

### *Class Conflict and Property Relations*

Marx's contention that all societies from the ancient Greek civilization to the age of capitalism were divided into classes, with a small ruling class exploiting the majority of producers, is too well known to need elaboration here. Similarly well known is his assertion that the form of this exploitation was the consequence of property relations among individuals.<sup>39</sup> What is not so widely appreciated, however, is the similarity of Veblen's and Marx's views of class divided societies and property.

In Veblen's various writings he spoke of several behavioral traits common to all societies. It is difficult to summarize these because Veblen's own classification and terminology differed. One central feature of these traits, however, emerges clearly in all his writings: All are interrelated in a fundamental, antagonistic dichotomy that exists in some form in nearly all societies. These traits can be classified into two clusters, between which exists a perpetual, antagonistic conflict that is strikingly similar to Marx's notion of class conflict. Central to one of the clusters is Veblen's notion of the instinct of workmanship. Central to the other is the notion of the "predatory bent," or trait of "exploit."

These two antagonistic clusters of behavioral traits have been manifested in different historical eras through the social institutions and modes of behavior peculiar to those eras. Historically, Veblen believed, the instinct of workmanship existed prior to and was more fundamental than the predatory bent. A proposition central to Veblen's entire social philosophy is that "man's life is activity; and as he acts, so he thinks and feels." It is not people's ideas and feelings that primarily determine their activities, but people's life processes and activities that determine their ideas and feelings.<sup>40</sup> Moreover, "throughout the history of human culture, the great body of the people have almost everywhere, in their every-

day life, been at work to turn things to human use. The proximate aim of all industrial improvement has been the better performance of some workmanlike task."<sup>41</sup>

In the earliest stages of human society, low productivity made a predominance of the instinct of workmanship a social prerequisite for survival. "The habits of life of the race were still perforce of a peaceful and industrial character, rather than contentious and destructive."<sup>42</sup> During this early period, "before a predacious life became possible" and while society was still dominated "by the instinct of workmanship, efficiency, serviceability commends itself, and inefficiency or futility is odious."<sup>43</sup>

Only after production became substantially more efficient and technical knowledge and tools were socially accumulated did predatory exploitation become possible. Invidious distinctions among different members of society became possible only at that point. With greater productivity, it became possible to live by brute seizure and predatory exploitation. "But seizure and forcible retention very shortly gain the legitimation of usage, and the resultant tenure becomes inviolable through habitation."<sup>44</sup>

Private property had its origins in brute coercive force and was perpetuated both by force and by institutional and ideological legitimation. With the development of private property inevitably came class divided societies: "Where this tenure by prowess prevails, the population falls into two economic classes: those engaged in industrial employments, and those engaged in such nonindustrial pursuits as war, government, sports, and religious observances."<sup>45</sup> In precapitalist societies the class division was somewhat sharper and more clearly perceived than in capitalism. "Under serfdom and slavery those who work cannot own, and those who own cannot work."<sup>46</sup>

A class divided society was a predatory one. In it the predatory bent held sway over the instinct of workmanship, even though the dominant predatory class was always numerically small in relation to the ordinary working people. By subjecting the worker to innumerable indignities and oppressions, the predatory society tended to stunt and thwart the instinct of workmanship, and in so doing it made most work irksome, even though pleasant feelings of self-realization were inherently involved in the instinct of workmanship. In class divided societies, "the irksomeness of labor is a spiritual fact; it lies in the indignity of the thing. The fact of its irksomeness is, of course, none the less real and cogent for its being of a spiritual kind. Indeed, it is all the more substantial and irremediable on that account."<sup>47</sup> Precisely the same point was made by

Marx in much more elaborate detail in a section of the *1844 Manuscripts* entitled "Estranged Labour."<sup>48</sup>

In a private property, class divided society the other values associated with workmanship were eroded and replaced by new values.

As the predatory culture reaches a fuller development, there comes a distinction between employments. The tradition of prowess, as the virtue *par excellence*, gains in scope and consistency until prowess comes near being recognized as the sole virtue. Those employments alone are then worthy and reputable which involve the exercise of this virtue. Other employment, in which men are occupied with tamely shaping inert materials to human use, become unworthy and end with becoming debasing. The honorable man must not only show capacity for predatory exploit, but he must also avoid entanglement with the occupations that do not involve exploit. The tame employments, those that involve no obvious destruction of life and no spectacular coercion of refractory antagonists, fall into disrepute and are relegated to those members of the community who are defective in the predatory capacity; that is to say, those who are lacking massiveness, agility, or ferocity. Occupation in these employments argues that the person so occupied falls short of that decent modicum of prowess which would entitle him to be graded as a man in good standing. . . . Therefore the able-bodied barbarian of the predatory culture, who is mindful of his good name . . . puts in his time in the manly arts of war and devotes his talents to devising ways and means of disturbing the peace. That way lies honor.<sup>49</sup>

Although Marx did not discuss the social mores and ceremonialism of the rich in the same detail, or with the same entertaining flair, as Veblen, very similar ideas can be found in his writings. Marx wrote, for example, that in capitalism the retention of money "is proof of the wealth of individuals; and to the degree that money . . . becomes the general measure of the worth of individuals, there develops the drive to display it . . . in the same way Herr v. Rothschild displays as his proper emblem, I think, two banknotes of 100,000 each, mounted in a frame. The barbarian display of gold etc. is only a more naïve form of this modern one."<sup>50</sup> More important, Marx clearly saw capitalist behavior as predatory. Private property in the means of production was simply "a coercive force on wage labour, compelling it to perform surplus labour."<sup>51</sup> And he asserted that Martin Luther had understood profit making better than any of the nineteenth-century socialists. Luther had categorized both interest and commercial profit as usury, and among the passages that Marx approvingly quoted from Luther were these: "[Usury] has exalted itself to such a degree that it *no longer wishes to be*

*a vice, sin or infamy* but extols itself as a downright virtue and honour as if it conferred a great favour on and did a Christian service to the people."<sup>52</sup> "A usurer . . . must be looked on as a werewolf . . . who sits in peace and safety, not like an enemy, but like a friend and citizen, yet robs and murders more horribly than any enemy or incendiary."<sup>53</sup>

### *The Evolution of Capitalism and the Class Struggle*

Veblen and Marx had very different views on the historical origins of capitalism. Although Veblen never undertook an extensive investigation of these origins, he briefly discussed them in several of his writings. In all discussions he expressed the belief that capitalism had begun as a "quasi-peaceable" society. Marx had a very different conception. All of Part 8 of volume one of *Capital* was devoted to a detailed historical description of what Marx called the "primitive accumulation of capital." During that period, labor was forcibly separated from any control over, or free access to, the means of production, and the capitalists' fortunes, with which they had monopolized the means of production, were acquired through a wide variety of commercial, coercive, and generally predatory means. It would be impossible in the short space of this article to summarize Marx's detailed historical account of primitive accumulation. The general flavor of this account can be gotten from Marx's assertion that, in the period of its initial creation, "capital comes dripping from head to foot, from every pore, with blood and dirt."<sup>54</sup>

In their descriptions of contemporary capitalism, however, both Veblen and Marx saw capitalism as characterized by an intense class struggle, a struggle waged primarily over the conditions of employment, wages, and general working conditions. In some of his writings, Veblen also saw the potential for this struggle to escalate into one for political control of the entire society; but most generally, and particularly later in life, he had little hope that workers would ever gain political control of society. Marx remained confident throughout his life that the class struggle would culminate in the workers taking political power and transforming society.

Despite these differences, their descriptions of the contemporary class struggle are very similar. Marx devoted the bulk of nearly 500 pages of *Capital* to a discussion of the struggles over the length of the working day, the conditions in the factories and mines, technological displacement of workers, wages, and general conditions of employment. That the class struggle was of central significance to Marx is a fact so well

known that it is not necessary to elaborate upon it. Many economists, however, are not aware that a strikingly similar view of the class struggle is nearly as important in Veblen's view of capitalism as it is in Marx's. Therefore, I shall briefly describe Veblen's writings on this issue.

While Veblen's view of the beginnings of capitalism differs from Marx's, their conceptions of precapitalist European society are quite similar. For Veblen, private property and the predatory instinct led to the predatory class divided societies of the slave and feudal eras. Capitalism was the outgrowth of feudalism in Western Europe. In slavery and feudalism, the predatory instinct totally dominated society, but in the early period of capitalism there had occurred an important and profound growth of the instinct of workmanship. Capitalism (Veblen sometimes referred to it as "the régime of absentee ownership and hired labor"<sup>55</sup>) had begun as a "quasi-pacifiable" society in which the forces of workmanship had originally developed very rapidly. But with the passage of time, the forces of workmanship and the predatory forces of exploit had become locked in an antagonistic struggle.

This antagonism was expressed by Veblen as one between "business" and "industry," or between "salesmanship" and "workmanship." Capitalism had originally evolved from Western European feudalism because in that culture the predatory instinct and its concomitant patriarchal culture had not fully developed. "For lack of sufficient training in predatory habits of thought (as shown, e.g., in the incomplete patriarchalism of the north-Europeans) the predatory culture failed to reach what may be called a normal maturity in the feudal system of Europe."<sup>56</sup> In the ensuing period of "free labor," in which the compulsion to work was the necessity of earning a livelihood rather than a coercively imposed necessity, the instinct of workmanship thrived, and the industrial arts showed great progress. In the early nineteenth century, however, the predatory forces, which had been inherited from the slave and feudal societies, began to gain more power. This continued until the capitalist system had evolved, by the late nineteenth century, into one in which the forces of workmanship and the forces of exploit were powerful social factors.

These two forces are embodied in entirely different classes of people in capitalism. "The interest and attention of the two typical . . . classes . . . part company and enter on a course of progressive differentiation along two divergent lines."<sup>57</sup> The first class, embodying the instinct of workmanship, includes "workmen, laborers, operatives, technologists," or all those "who have to work, whereby they get their livelihood."<sup>58</sup> The second class includes "owners, investors, masters, employers, undertakers, businessmen," or, generally, capitalists.<sup>59</sup>

While Veblen's emphasis on the social-psychological effects of different types of economic behavior seems to furnish the foundation for his theory of class conflict—in contrast to the economic-legal foundation in Marx's doctrine—they both conclude that the conflict between capitalists and laborers is the dominant distinguishing feature of capitalism. Veblen wrote that capitalism is characterized by a “settled and malevolent hostility on the part of the embattled workmen over against their employers and the absentee owners for whose ease and gain they are employed.”<sup>60</sup> There are numerous passages in Veblen's writings which confirm the central importance in his theoretical system of the class struggle. We shall quote but one of them.

In the negotiations between owners and workmen there is little use for the ordinary blandishments of salesmanship. . . . And the bargaining between them therefore settles down without much circumlocution into a competitive use of unemployment, privation, restriction of work and output, strikes, shut-downs and lockouts, espionage, pickets, and similar manoeuvres of mutual derangement, with a large recourse to menacing language and threats of mutual sabotage. The colloquial word for it is “labor troubles.” The business relations between the two parties are of the nature of hostilities, suspended or active, conducted in terms of mutual sabotage; which will on occasion shift from the footing of such obstruction and disallowance as is wholly within the law and custom of business, from the footing of legitimate sabotage in the way of passive resistance and withholding of efficiency, to that illegitimate phase of sabotage that runs into violent offenses against persons and property. The negotiations . . . have come to be spoken of habitually in terms of conflict, armed forces, and warlike strategy. It is a conflict of hostile forces which is conducted on the avowed strategic principle that either party stands to gain at the cost of the other.<sup>61</sup>

Veblen believed that while the essence of success for laborers involves productive creativity, the essence of success for owners and businessmen involves exploitative advantage over others. The capitalist's economic and political power is reinforced by the nature of his daily tasks, which fosters in him the capacity ruthlessly to exploit “the unbusinesslike generality of persons with whom directly or indirectly he deals.”<sup>62</sup> The class struggle was, for Veblen, economic, political, and ideological. In most of his writings throughout his life he asserted that the daily lives of workers foster attitudes of workmanship which would lead them to accept socialist ideas, while capitalists' daily lives promote the ideas of merit, status, invidious distinction, and other notions which support a class divided society.

*Prices, Profits, and Business Cycles*

The theories of capitalism of Veblen and Marx differ most drastically, perhaps, in their analyses of prices and profits. Veblen's dislike of taxonomic equilibrium theory precludes him from developing a deterministic theory of prices. It is frequently asserted that Marx's labor theory of value was his theory of prices. This is false. A reading of volume three of *Capital* will show that he held a cost of production theory of prices which was quite similar to those of Adam Smith and David Ricardo. Marx's critique of these two writers centered on the fact that a cost of production theory *requires* that the rate of profit be given before prices can be determined. Smith had ignored the problem (in Marx's opinion), and Ricardo, while he grappled with it, never successfully solved it. Marx's labor theory of value was a theory of profit, and the profit rate obtained through his labor value analysis then became an integral part of his cost of production theory of prices.<sup>63</sup>

Within Marx's theory of prices, he, as did the neoclassical economists, took competition as his starting point and then treated cases of monopoly or imperfect competition as extensions or modifications of his price theory. He did this because he wanted to demonstrate that while monopoly was undoubtedly the source of a higher than average rate of profit, nevertheless, monopoly was not the source of profit.

In Veblen's analysis of profit, he took imperfect competition as the paradigm of profit making. Therefore, in describing the control of business over industry, he characterized the method of control as "sabotage," which was defined as a "conscientious withdrawal of efficiency."<sup>64</sup> By this, of course, he meant the monopolistic restriction of supply to raise prices and increase profits. Veblen believed that in modern capitalism there was evolving a more or less constant state of stagnation. Monopolistic practices left an ever-increasing portion of industrial capacity unused and workers unemployed. This was, he believed, the inevitable outcome of profit-maximizing behavior.<sup>65</sup>

The sabotage of industry by business, of course, causes widespread suffering and privation among the general public. But absentee owners never have to witness such suffering nor even contemplate their role in causing it, particularly when they are taught only the economic theories of the neoclassical economists. In the capitalist system in which business controls industry, the sabotage takes place in an impersonal and dispassionate manner. Absentee owners are "immune from neighborly personalities and from sentimental considerations and scruples." They sit

in boardrooms concerning themselves only with the financial manipulations necessary for "the continued receipt of a free income." In this way they are "spared many distasteful experiences, saved from reflecting on the many dreary trivialities of life and death."<sup>66</sup> The lives and deaths of workers are trivial in the capitalists' financial statements but, of course, are anything but this to the workers.

This picture of capitalism was not, for Veblen, one of a "crisis" or an unusual situation. It was a picture of the essence of how capitalism functions day by day. Furthermore, it is not due to any inherent "immorality" on the part of the absentee owners; it is simply institutionally built into the normal functioning of capitalism.

It will be noted that all . . . businesslike strategy falls properly under the head of sabotage. It is, in effect, a traffic in privation, of course. It is also business-as-usual. No fault need be found with it, since there is no help for it. It is not a matter of personal preference or moral obliquity. It is not that these captains of Big Business whose duty it is to administer this salutary modicum of sabotage on production are naughty. It is not that they aim to shorten human life or augment human discomfort by contriving an increase of privation among their fellow men. Indeed, it is to be presumed that they are as humane as they profess. But only by shortening the supply of things needed and so increasing privation to a critical point can they sufficiently increase their . . . earnings, and so come off with a clear conscience and justify the trust which their absentee owners have reposed in them. They are caught in the net of business-as-usual, under circumstances which dictate a conscientious withdrawal of efficiency. The question is not whether this traffic in privation is humane, but whether it is sound business management.<sup>67</sup>

This is, of course, very similar to Marx's view that the behavior of the capitalist is not due to personal cruelty or malevolence, but is inherent in the functioning of capitalism as a system: "That which in the miser is a mere idiosyncrasy, is in the capitalist the effect of the social mechanism of which he is but one of the wheels."<sup>68</sup>

In concluding the discussion of prices and profits, it would seem that all of Veblen's views are not only consistent with Marx's theory, but also significantly supplement Marx's rather sketchy and inadequate analysis of monopolistic competition. It is not at all clear, however, that Marx's labor theory of value would be accepted by a follower of Veblen. But without some such theory, Veblen's analysis remains partial. It explains differences and fluctuations in profit rates, but it has no consistent explanation of the origins, and aggregate magnitude, of profit.

Perhaps the theoretical area in which the analyses of Marx and Veblen most clearly supplement each other concerns business cycles or crises.



Both believed that depressions were inherent in the normal functioning of capitalism. For Marx, "the course characteristic of modern industry . . . [is a] cycle . . . of periods of average activity, production at high pressure, crisis and stagnation."<sup>69</sup> Similarly, for Veblen, "it may, therefore, be said, on the basis of this view, that chronic depression, more or less pronounced, is normal to business under the fully developed regime of the machine industry."<sup>70</sup>

Marx's contribution was to show the equilibrium conditions that would be necessary for smooth, continuous "expanded reproduction," or economic growth, and the practical impossibility of the continuous fulfillment of these conditions. His analysis revealed that any failure to fulfill them would necessarily result in a business crisis or a depression. Veblen rejected the view that economic crises are cyclical, or recur with regularity. In his analysis of economic depressions he described a process in which business investment is originally capitalized in accordance with the initial estimates of its prospective earning power. Over time, however, the earning power of older capital declines relative to new investments. This creates an overcapitalization of corporations' assets.

When this happens, there is "no provision for a shrinkage of assets, and but slight and doubtful provision for a shrinkage of earnings."<sup>71</sup> In such a situation only an economic crisis can bring corporations' earnings and capitalized assets back into balance. This descriptive analysis of business crises can, of course, be incorporated into Marx's more general framework of sectoral, market imbalances.

### *Government and the Class Struggle*

The doctrine most frequently (and correctly) attributed to Marx is the notion that capitalist governments (whether "democratic" or not) function as the institutionalized social mechanism for coercively enforcing capitalist class rule. However, Marx wrote almost nothing in defense of this view. In his notes projecting a five-volume work (of which *Capital* was to have been only the first) he showed that he intended to write a volume on government and the class struggle, but this was never written.

Ironically, it is precisely in this notion, most characteristically associated with Marx, that Veblen's analysis is extremely important in supplementing one of Marx's deficiencies. Veblen wrote extensively and insightfully on the relation between capitalist governments and the class struggle. For Veblen, the ultimate power in the capitalist system is in the hands of the owners because they control the government. The govern-

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ment is the institutionally legitimized means of physical coercion in any society. As such, it exists to protect the existing social order and class structure. This means that the primary duty of government is to enforce private property laws and protect the privileges associated with ownership. Veblen repeatedly insisted that "modern politics is business politics. . . . This is true both of foreign and domestic policy. Legislation, police surveillance, the administration of justice, the military and diplomatic service, all are chiefly concerned with business relations, pecuniary interests, and they have little more than an incidental bearing on other human interests."<sup>72</sup> The first principle of a capitalist government is that "the natural freedom of the individual must not traverse the prescriptive rights of property. Property rights . . . have the indefeasibility which attaches to natural rights."<sup>73</sup> The principal freedom of capitalism is the freedom to buy and sell. The laissez-faire philosophy dictates that "so long as there is no overt attempt on life . . . or the liberty to buy and sell, the law cannot intervene, unless it be in a precautionary way to prevent prospective violation of . . . property rights."<sup>74</sup> Thus, above all else, a "constitutional government is a business government."<sup>75</sup>

This does not mean that Veblen denied the American government is democratic. He realized that Americans are free to vote for the party of their choice. He also realized that the government cannot always represent all business interests equally. Conflicts among businessmen are reflected in the different political parties. All the major parties, in his opinion, are dominated by them: "The ring of business interests which secures the broadest approval from popular sentiment is, under constitutional methods, put in charge of the government establishment."<sup>76</sup>

While the money of the absentee owners and businessmen is an important factor in their control of politics, Veblen did not have the simplistic view that businessmen simply "bought" corrupt politicians (even though they frequently did just that). The political control of capitalists rests far more fundamentally in their control of the socialization and indoctrination processes in a capitalist society.

Representative government means, chiefly, representation of business interests. The government commonly works in the interest of the business men with a fairly consistent singleness of purpose. And in its solicitude for the business men's interests it is borne out by current public sentiment, for there is a naïve, unquestioning persuasion abroad among the body of people to the effect that, in some occult way, the material interests of the populace coincide with the pecuniary interests of those business men who live within the scope of the same set of governmental contrivances. This persuasion is an article of popular metaphysics, in

that it rests on an uncritically assumed solidarity of interests. . . . This persuasion is particularly secure among the . . . business men, superior and subordinate, together with the professional classes, as contrasted with those vulgar portions of the community who are tainted with socialistic or anarchistic notions. But since the conservative element comprises the citizens of substance and weight, and indeed the effective majority of law-abiding citizens, . . . even including those who have no pecuniary interests to serve in the matter, constitutional government has, in the main, become a department of the business organization and is guided by the advice of the business men. . . . In most of its work, even in what is not ostensibly directed to business ends, it is under the surveillance of the business interests.<sup>77</sup>

Thus, in the ceaseless class struggle between workers and absentee owners, the latter nearly always prevail. Government, as the institutionally legitimized means of physical coercion, is firmly in their hands. And since workers greatly outnumber owners, the maintenance of the owners' supremacy, that is, of the existing class structure of capitalism, depends on the absentee owners being in control of the government. At any point in the class struggle when the workers of a particular industry might appear to be gaining the upper hand, the government is called in.

At this point the national establishment, federal and local, comes into the case, by way of constituted authority exercising surveillance and punitive powers. . . . [The] intervention of government agencies in these negotiations between the owners and the workmen rebounds to the benefit of the former. Such is necessarily the case in the nature of things. . . . As things go in any democratic community, these governmental agencies are administered by a businesslike personnel, imbued with the habitual bias of business principles—the principles of ownership; that is to say, under current conditions, the rights, powers, and immunities of absentee ownership. In the nature of the case, the official personnel is drawn from the business community,—lawyers, bankers, merchants, contractors, etc.; . . . “practical men,” whose preconceptions and convictions are such as will necessarily emerge from continued and successful experience in the conduct of business of that character. Lawyers and magistrates who have proved their fitness by their successful conduct of administrative duties and litigations turning on the legal niceties of ownership, and in whom the logic of ownership has become second nature.<sup>78</sup>

The corporations usually win the struggle. Workers are more strongly imbued with the instinct of workmanship, and that instinct is generally associated with peaceable habits of mind. Businessmen are strongly imbued with the predatory instinct and the mores of competitive sportsmanship. The life habits of workers are creative and constructive; those

of businessmen are destructive and based upon a mastery of the techniques of sabotage. The businessmen have the government and the courts on their side, and they and their agents have a near monopoly on the use of deadly force.<sup>79</sup> "And it is well known, and also it is right and good by law and custom, that when recourse is had to arms the common man pays the cost. He pays it in lost labor, anxiety, privation, blood, and wounds."<sup>80</sup>

### *Class Consciousness and Revolution*

Veblen and Marx saw the social structure and economic functioning of capitalism in very similar terms. Moreover, they both had similar views of capitalism's pernicious effects on the material, spiritual, emotional, and aesthetic well-being of workers. Marx, however, erroneously believed that the time was close at hand when the workers would revolt and overthrow capitalism. History, as anti-Marxists never cease to delight in pointing out, has proven Marx wrong. His misperception undoubtedly resulted from his failure to consider carefully enough the social and cultural norms and mores through which workers were (and are) socialized, which cause them emotionally to embrace values, norms, and institutions promoting the interests of capitalists and ultimately destructive of the workers' interests.

Many Marxists continue to lack an understanding of why workers' "class consciousness" remains so undeveloped. It is from Veblen's discussions of this socialization process, I believe, that Marxists can learn the most. His analyses of the emotional and intellectual effects of patriotic fervor and of emulative consumption remain, to this day, the most powerful and accurate explanations of why workers not only endure exploitation and alienation, but also frequently and repeatedly support the very institutions, laws, governments, and general social mores that create and perpetuate their own exploitation and degradation.

While an analysis of capitalist imperialism is one of the principal features of contemporary Marxism, Marx himself wrote very little on the topic. Veblen's treatment of imperialism is in most respects as insightful as that of John Hobson, Rosa Luxemburg, and Lenin (the theorists who have most significantly influenced contemporary Marxism). In one respect, however, Veblen's treatment is decidedly superior—he clearly saw the socializing influence of imperialism.

Veblen saw imperialism as a conservative force of the utmost social importance. With the development of machine production techniques, human productivity expanded rapidly during the capitalist era. The

natural concomitant was the growth of the instinct of workmanship and its related social traits. To the degree that workmanship and its attendant traits became dominant in the culture, the social basis of absentee ownership and predatory business practices became endangered. The ethos of workmanship stressed cooperation rather than competition, individual equality and independence rather than pervasive relations of subordination and superordination, logical social interrelationships rather than ceremonial role playing, and peaceable rather than predatory dispositions generally. Thus the traits associated with workmanship were subversive of the very foundation of the existing class structure. The absentee owners had to find some means of exercising cultural discipline which would counteract the subversive effects of workmanship, cooperation, individual independence, and the quest for a peaceable brotherhood.

For this important task the absentee owners turned to imperialism. Veblen asserted that the "cultural value of a warlike business policy is unequivocal. It makes for a conservative animus on the part of the populace."<sup>81</sup> In wartime, patriotic fervor, the military ethos of rigid totalitarian control, servile obedience, ceremonial rituals, the ethos of subordination to authority, patriotic pride, and general animosity directed against foreigners rather than wealthy countrymen, all tended to "direct the popular interest to other, nobler, institutionally less hazardous matters than the unequal distribution of wealth."<sup>82</sup> It was through "habituation to a warlike scheme of life" that capitalists could effect a "corrective for 'social unrest.'"<sup>83</sup>

A powerful and insightful discussion by Veblen of the process of the social formation of workers' consciousness is contained in his analysis of emulative consumption. Most of *The Theory of the Leisure Class* is devoted to a detailed description of how that class displays its predatory prowess through conspicuous consumption and the conspicuous use of leisure. For Veblen, conspicuous consumption often coincided with conspicuous waste. The housing of the rich, for example, "is more ornate, more conspicuously wasteful in its architecture and decoration, than the dwelling-houses of the congregation."<sup>84</sup> It is always necessary for the rich to have expensive, ornate, and largely useless—but above all expensive—paraphernalia prominently displayed. For the wealthy, the more useless and expensive a thing, the more it is prized as an article of conspicuous consumption. Anything useful and that can be afforded by common people is thought to be vulgar and distasteful.

The beauty and elaborate dress and display of his wife are essential to a substantial citizen of good taste. Innumerable servants also are indicators that the wife has to do none of the vulgar work of an ordinary

housewife and therefore is herself primarily an ostentatious trophy of beauty and uselessness which adds to the esteem of her husband. Villas on the sea, yachts, and elaborate mountain chateaux, rarely used but prominently displayed, are essential for respectability.

Veblen had much more in mind in describing the conspicuous consumption of the rich than merely giving an amusing anecdotal account for its own sake. Pecuniary culture is above all else a culture of invidious distinction. When an individual's personal worth is measured primarily against pecuniary standards of invidious distinction, one of the most powerful forces in society is the force of emulation, which is the most important guarantor of social, economic, and political conservatism.

The wealthy maintain their position by perpetuating the "principle of predation or parasitism."<sup>85</sup> Their activities automatically lead to the belief that "whatever is, is right."<sup>86</sup> They are inherently and profoundly conservative. The extremely poor in society constitute very little threat to the predatory, pecuniary social order: "The abjectly poor, and all those persons whose energies are entirely absorbed by the struggle for daily sustenance, are conservative because they cannot afford the effort of taking thought for the day after tomorrow; just as the highly prosperous are conservative because they have small occasion to be discontented with the situation as it stands today."<sup>87</sup>

Generally, it is the better-off elements of the working class that constitute a potential threat to the status quo. They usually have been successful in acquiring highly marketable productive skills. This means that they usually have considerable pride of workmanship. There is a constant danger that the traits associated with the instinct of workmanship—clear and logical thinking, cooperation, mutual aid and general humanitarianism—will increase to a point where they will foster anarchism or socialism in an effort to promote the supersession of workmanlike traits over pecuniary, predatory traits. Emulative consumption is a primary means of reducing this threat. It represents a personal treadmill from which no progress is possible and escape is difficult if not impossible. When a person steps on that treadmill, he gives himself up totally to the mores of predatory, pecuniary culture.

Veblen's views on emulative consumption, together with his views on the social, psychological, and ideological importance of patriotism and imperialism (which were discussed above) constitute the very heart of his theory of the social, economic, and political domination of capitalism by absentee owners and business interests.

While it is true that the "free income," privileges, and powers of the capitalists derive, in the immediate sense, from the laws of property

ownership, the concentration of that ownership in the hands of the absentee owners, and their control over the government and all legitimized uses of deadly force, in the long run their power to rule over society depends most crucially on their ability to control the emotions, ideas, and ideological dispositions of the majority of working people. If these latter came to realize that capitalists contribute nothing to the production process, that their business and pecuniary activities are the cause of depressions and other malfunctions of the industrial system, that the grotesquely disproportionate share of wealth and income going to the capitalists is the cause of the impoverishment of the majority of society, that the degradation of the work process is the result of the prevailing predatory ethos of capitalists, if the workers came to realize all this, then they would surely free the industrial system from the oppressive and archaic fetters of the laws, governments, and institutions of the pecuniary business culture. There would be a revolutionary overthrow of capitalism.

The capitalists rely on two principal means of cultural discipline and social control. The first, as we have seen, is patriotism, nationalism, and imperialism. The second means is through emulative consumption (or consumerism, as this phenomenon later came to be called). The importance of this phenomenon in Veblen's total theory, and in contemporary Marxism, is so great that I shall again quote him at length.

A certain standard of wealth . . . and of prowess . . . is a necessary condition of reputability, and anything in excess of this normal amount is meritorious.

Those members of the community who fall short of this, somewhat indefinite, normal degree of prowess or property suffer in the esteem of their fellow-men; and consequently they suffer also in their own esteem, since the usual basis of self-respect is the respect accorded by one's neighbours. Only individuals with an aberrant temperament can in the long run retain their self-esteem in the face of the disesteem of their fellows.

So soon as the possession of property becomes the basis of popular esteem, therefore, it becomes also a requisite to that complacency which we call self-respect. In any community . . . it is necessary, in order to have his own peace of mind, that an individual should possess as large a portion of goods as others with whom he is accustomed to class himself; and it is extremely gratifying to possess something more than others. But as fast as a person makes new acquisitions, and becomes accustomed to the resulting new standard of wealth, the new standard forthwith ceases to afford appreciably greater satisfaction than the earlier standard did. The tendency in any case is constantly to make the present pecuniary standard the point of departure for a fresh increase of wealth;



and this in turn gives rise to a new standard of sufficiency and a new pecuniary classification of one's self as compared with one's neighbours. So far as concerns the present question, the end sought by accumulation is to rank high in comparison with the rest of the community in point of pecuniary strength. So long as the comparison is distinctly unfavourable to himself, the normal average individual will live in chronic dissatisfaction with his present lot; and when he has reached what may be called the normal pecuniary standard of the community, or of his class in the community, this chronic dissatisfaction will give place to a restless straining to place a wider and ever-widening pecuniary interval between himself and this average standard. The invidious comparison can never become so favourable to the individual making it that he would not gladly rate himself still higher relative to his competitors in the struggle for pecuniary reputability.<sup>88</sup>

When people are caught on this treadmill of emulative consumption, or consumerism, they lead a life of "chronic dissatisfaction," regardless of the amount of income they receive. The misery of workers, in Veblen's view, arises predominantly from material deprivation only among that part of the working class that lives in abject poverty. For the remainder, their misery is caused by both the social degradation of labor and the "chronic dissatisfaction" associated with emulative consumption. The misery of the materially better-off workers is spiritual. But Veblen insisted that this misery "is . . . none the less real and cogent for its being of a spiritual kind. Indeed it is all the more substantial and irremediable on that account."<sup>89</sup>

It seems irremediable because the workers' response to the misery furthers and perpetuates the misery. The workers' reaction to the "chronic dissatisfaction" engendered by emulative consumption and the degradation of labor is to imagine that they will be happy if only they can acquire more and consume more. So workers go into debt, depend more and more heavily on moving up in their jobs and securing more income, and, in general, see the only possibility for transcending this chronic dissatisfaction as lying in pleasing their employer and never doing or saying anything disruptive or radical.

But such a treadmill is endless. The harder one tries to overcome one's chronic dissatisfaction and misery, the more dissatisfied and miserable one becomes. And in a system of invidious social ranking and conspicuous consumption, workers rarely blame "the system," "the vested interests," or the "absentee owners" for their plight. They generally blame themselves, and the only results are a further decline in their self-esteem and self-confidence and a further clinging to the values of pecuniary culture.

### *Conclusion*

The continuing vitality and social relevance of the ideas of Marx and Veblen make it important to renew efforts to understand and evaluate their similarities and differences. From a Marxist perspective, I find not only that the two thinkers were strikingly similar in their analyses of capitalism, but also that Veblen had a great many rich insights which complement Marxism. I also believe (but do not have the space to elaborate) that Marxism has numerous insights which would strengthen Veblen's analyses. It is my hope that this article might stimulate more intellectual interchange between the followers of Marx and Veblen.

Veblen was extremely sympathetic to socialism throughout all his writings. In innumerable passages his socialist sympathies are explicit. In discussing emulative consumption, for example, he wrote that "there can be no peace from this—it must be admitted—ignoble form of emulation, or from the discontent that goes with it, this side of the abolition of private property."<sup>90</sup>

But whereas he was quite optimistic about the prospect of the advent of socialism in the 1890s, over the remainder of his life he grew more pessimistic. After witnessing the patriotic and imperialistic orgy of World War I, with its blind, fanatical national chauvinism and its hysterically repressive aftermath (the Great Red Scare, the Palmer raids, and so forth), Veblen's mood seemed to reflect only pessimism and despair: "In the long run, of course, the pressure of changing material circumstances will have to shape the lines of human conduct, on pain of extinction. . . . But it does not follow that the pressure of material necessity, visibly enforced by the death penalty, will ensure such a change in the legal and moral punctilios as will save the nation from the death penalty. . . . Whether any given people is to come through any given period of such enforced change alive and fit to live, appears to be a matter of chance in which human insight plays a minor role and human foresight no part at all."<sup>91</sup>

While most Marxists would hope that Veblen's despair ultimately proves unwarranted, if this hope is to be realized, the problems he posed must be faced. And any conceivable solution will be, I believe, heavily indebted to his profound insights.

### *Notes*

1. Abram L. Harris, "Economic Evolution: Dialectical and Darwinian," *Journal of Political Economy* 42 (February 1934): 34.

2. Ibid., p. 50.
3. Thorstein Veblen, "The Socialist Economics of Karl Marx and His Followers," in *The Place of Science in Modern Civilization and Other Essays* (New York: Russell and Russell, 1961), pp. 410–11.
4. Ibid., p. 414.
5. Among the Marxists who have clearly seen the importance of some of the similarities of Veblen and Marx are Paul M. Sweezy, "Veblen on American Capitalism," in *Thorstein Veblen: A Critical Reappraisal*, edited by Douglas F. Dowd (Ithaca: Cornell University Press, 1958), pp. 177–98, and A. K. Davis, "The Postwar Essays," *Monthly Review* 9 (July-August 1957): 91–98.
6. Both of these are contained in Karl Marx and Friedrich Engels, *Collected Works*, vol. 3 (New York: International Publishers, 1975).
7. Lucio Colletti, *Marxism and Hegel* (Atlantic Highlands, N. J.: Humanities Press, 1973).
8. Joseph Stalin, "Dialectical and Historical Materialism," in *The Essential Stalin*, edited by Bruce Franklin (Garden City, N.Y.: Anchor Books, 1972), pp. 308–309.
9. Ibid., p. 326.
10. Colletti, *Marxism*. The entire book is devoted to this task, but chapters 6 and 8 are of particular importance.
11. Colletti demonstrates this with innumerable quotations. In Marx's writings it is stated most unequivocally in the "Theses on Feuerbach," in Marx and Engels, *Collected Works*, vol. 5, and most succinctly in the *1844 Manuscripts*: "Thinking and being are thus certainly distinct from each other, but at the same time they are in unity with each other" (Marx and Engels, *Collected Works*, vol. 3, p. 299.).
12. The five segments of this quotation are taken from the *1844 Manuscripts*, pp. 277 and 275; "The Eighteenth Brumaire of Louis Bonaparte," in Marx and Engels, *Selected Work* (New York: International Publishers, 1968), p. 97; "Preface to the Critique of Political Economy," in *ibid.*, p. 182; and *The German Ideology*, in Marx and Engels, *Collected Works*, vol. 5, p. 90.
13. See, for example, *Capital* (Moscow: Foreign Language Publishing House, 1961), vol. 1, p. 10, and "Introduction to the Critique of Political Economy," reprinted in David Horowitz, *Marx and Modern Economics* (New York: Monthly Review Press, 1968), p. 46.
14. For assertions that Marx's theory is deterministic see Veblen, "Socialist Economics," pp. 414, 415, 424, 438, 440, 441, and 442; and Harris, "Economic Evolution," pp. 50, 53, 54, 55, 56, 70, and 71.
15. For assertions that Marx's theory is historically teleological see Veblen, "Socialist Economics," pp. 416, 421, 428, 430, 436, 440, and 441; and Harris, "Economic Evolution," pp. 40, 50, and 53.
16. See Veblen, "Socialist Economics," pp. 420 and 421; and Harris, "Economic Evolution," pp. 37, 40, 41, 70, and 77.
17. Colletti, *Marxism*, pp. 248–83.
18. Veblen, "Socialist Economics," p. 440; and Harris, "Economic Evolution," p. 54.
19. Harris, "Economic Evolution," pp. 41, 52, and 55.

20. Ibid., pp. 50–51.
21. Ibid., p. 50. See also pp. 51–52.
22. Ibid., p. 75.
23. See, for example, *Theories of Surplus Value* (Moscow: Progress Publishers, 1971), part III, pp. 263–325. On p. 295 Marx asserted: “The degree of skill of the existing population is always the pre-condition of production as a whole; it is therefore the principal accumulation of wealth.” And on p. 293 he observed that the productivity of any worker depended on the “coexisting labor of other workers.”
24. Veblen, “Socialist Economics,” pp. 412–13.
25. Harris’s correct refutation of this view is in a footnote on p. 50 of his article.
26. Quoted in Harris, “Economic Evolution,” p. 61.
27. Ibid., p. 68.
28. Ibid., p. 69.
29. Ibid., p. 70.
30. Ibid., p. 77.
31. Thorstein Veblen, “Professor Clark’s Economics,” in *The Place of Science*, p. 193.
32. Ibid., p. 195.
33. Ibid., p. 197.
34. Thorstein Veblen, “Fisher’s Rate of Interest,” in *Essays in Our Changing Order* (New York: Augustus M. Kelley, 1964), p. 142.
35. Veblen, “Böhm-Bawerk’s Definition of Capital,” in *ibid.*, p. 136.
36. Ibid., p. 135.
37. Marx, *Capital*, vol. 1, p. 169.
38. Ibid., vol. 3, pp. 794–95.
39. This view is briefly summarized in *German Ideology*, pp. 32–35.
40. Compare this quotation to the famous statement by Marx that “it is not the consciousness of men that determines their being, but, on the contrary their social being that determines their consciousness” (“Preface to the Critique of Political Economy,” in Marx and Engels, *Selected Works*, p. 182).
41. Thorstein Veblen, “The Instinct of Workmanship and the Irsomeness of Labor,” in *Essays*, p. 84.
42. Ibid., p. 86.
43. Ibid., pp. 87 and 89.
44. Thorstein Veblen, “The Beginnings of Ownership,” in *ibid.*, p. 43.
45. Ibid.
46. Ibid., p. 42. Precisely the same argument (that exploitation was less direct and hence more difficult to recognize in capitalism) was made in several places by Marx. See, for example, Marx, *Grundrisse* (Middlesex, England: Penguin Books, 1973), p. 246.
47. Veblen, “Instinct of Workmanship,” p. 95.
48. Marx, *1844 Manuscripts*, pp. 270–82.
49. Veblen, “Instinct of Workmanship,” pp. 93–94.
50. Marx, *Grundrisse* (New York: Vintage, 1973), p. 231.
51. Marx, *Theories of Surplus Value*, part I, p. 93.
52. Quoted in *ibid.*, part III, p. 532.

53. Ibid., p. 537.
54. Marx, *Capital*, vol. 1, p. 760.
55. Thorstein Veblen, *Absentee Ownership and Business Enterprise in Recent Times* (New York: Augustus M. Kelley, 1965), p. 291.
56. Thorstein Veblen, *The Instinct of Workmanship* (New York: Augustus M. Kelley, 1964), p. 202.
57. Ibid., pp. 187–88.
58. Ibid., p. 188.
59. Ibid., pp. 189–90.
60. Veblen, *Absentee Ownership*, pp. 402–403.
61. Ibid., pp. 406–407.
62. Veblen, *Instinct of Workmanship*, p. 191.
63. This is explained and demonstrated with admirable succinctness and rigor in Alfredo Medio, “Neoclassicals, Neo-Ricardians, and Marx,” in *The Subtle Anatomy of Capitalism*, edited by Jesse Schwartz (Santa Monica: Goodyear Publishing Co., 1977), pp. 381–411.
64. Thorstein Veblen, *The Engineers and the Price System* (New York: Augustus M. Kelley, 1965), p. 1.
65. Ibid., p. 12.
66. Veblen, *Absentee Ownership*, pp. 215–16.
67. Ibid., pp. 220–21.
68. Marx, *Capital*, vol. 1, p. 592.
69. Ibid., pp. 632–33.
70. Thorstein Veblen, *The Theory of Business Enterprise* (New York: Augustus M. Kelley, 1965), p. 234.
71. Veblen, *Absentee Ownership*, p. 93.
72. Veblen, *Theory of Business Enterprise*, p. 269.
73. Ibid., p. 272.
74. Ibid., p. 278.
75. Ibid., p. 285.
76. Ibid., pp. 293–94.
77. Ibid., pp. 286–87.
78. Veblen, *Absentee Ownership*, pp. 404–405.
79. Ibid., p. 411.
80. Veblen, *Essays in Our Changing Order*, p. 413.
81. Veblen, *Theory of Business Enterprise*, p. 391.
82. Ibid., p. 393.
83. Ibid.
84. Thorstein Veblen, *The Theory of the Leisure Class* (New York: Augustus M. Kelley, 1965), p. 120.
85. Ibid., p. 209.
86. Ibid., p. 207.
87. Ibid., p. 204.
88. Ibid., pp. 30–32.
89. Veblen, “The Instinct of Workmanship,” p. 95.
90. Thorstein Veblen, “The Theory of Socialism,” in *The Place of Science*, p. 398.
91. Veblen, *Absentee Ownership*, pp. 17–18.